

Samuel Terry Absolute Return Fund – December 2018 quarterly report

The Fund's performance (Founder units, net of fees) and those of the Australian All Ordinaries Accumulation Index and the MSCI World Equities Index, are as follow:

To 31 December 2018	STAR	All Ords	MSCI (\$A)
1 quarter	-5.5%	-9.0%	-11.2%
1 year	12.8%	-3.5%	-1.0%
3 years (%p.a.)	22.5%	6.6%	7.5%
5 years (%p.a.)	25.2%	5.7%	9.0%
7 years (%p.a.)	24.2%	9.4%	14.2%
10 years (%p.a.)	24.2%	9.1%	9.7%
Since inception on 1 Nov 2003 (%p.a.)	15.6%	8.2%	6.9%

Our losses were mostly due to three holdings. The worst was technology start-up, **OneMarket** (4.5% of the Fund) which fell 47% for no apparent new reason. It trades for less than 40% of its net cash per share. **Karoon Energy**, another company whose cash is much greater than its share price (2.6% of the Fund) fell 24%, partly because of the weak oil price.

AIMS Property Securities Fund or **APW**, (8% of the Fund) fell 10% after we lost a vote to wind up the fund. We devoted substantial effort and expense to persuade unitholders to support our proposal. 38% voted for the wind-up and 44% voted against. APW effectively owns 10% of itself, a stake which is used to entrench management who own a further 32% and voted against our resolution. Thus, excluding management, we won the independent vote by 38% to 2%. APW trades at a discount to estimated wind-up value of over 35% and the case to improve or wind up APW remains strong.

We bought three new holdings during the quarter.

The Fund's net asset value was \$119.6m or \$2.6886 per Founder unit and \$10.59 per A Class unit (down 5.2%) at quarter end. 16% of the Fund was in cash, mostly in \$A. The Fund owned securities issued by 26 companies.

Fred Woollard and Nigel Burgess
10 January 2019



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Samuel Terry Asset Management Pty Limited (AFSL 278294) does not guarantee the repayment of capital or any particular rate of return from the Trust. Past performance is no guarantee or indication of future performance. The unit price can go down as well as up. Investment returns have been calculated in accordance with normal industry practice utilising movements in the unit price and assuming reinvestment of all distribution of income and realized profits. The above report does not take into account a reader's investment objectives, particular needs or financial situation. It is general information only and should not be considered as investment advice and should not be relied on as an investment recommendation.